

State of Utah Department of Commerce Division of Securities

FRANCINE A. GIANI Executive Director

JASON P. PERRY Deputy Director WAYNE KLEIN
Director of Securities

NEWS RELEASE

DELTA DAIRY FARM INVESTMENT SCHEME HALTED

April 18, 2006. Salt Lake City, Utah The Utah Division of Securities announced today that it had ordered American-Dairy.com, Inc. and A. Paul Schwenke to cease and desist violating Utah securities laws. Schwenke, of Draper, was president of American-Dairy.

The cease and desist order was entered by default after Schwenke and American-Dairy failed to respond to an order to show cause issued in February. According to today's Default Order, Schwenke convinced investors in Delta to exchange ownership of their dairy for stock in American-Dairy. Schwenke represented that \$10 million was available to refinance debt of the dairy and to upgrade its operations. In the end, the debt was not refinanced; instead, Schwenke took out a \$50,000 loan for personal use, with the dairy as collateral.

Schwenke also told the investors he was a practicing attorney when he had been disbarred for taking client funds. He failed to disclose the existence of \$452,555 in tax liens, the existence of default judgments against Schwenke and a former company for \$618,728, and that the former company had filed for bankruptcy.

The Order finds that Schwenke and American-Dairy sold securities that were not registered, sold securities without being licensed, and made false and misleading statements in connection with the sale of securities. Schwenke and American-Dairy were ordered to cease and desist violating the law and pay fines totaling \$35,000. Schwenke currently is serving time in the Utah State Prison for securities fraud and other violations in an unrelated matter.

Proceedings still are pending against American-Dairy's CEO, Jamis M. Johnson.